

## Message Text

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PAGE 01 DACCA 04012 181201Z

47

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGR-05 AID-05 IGA-01 OMB-01

TRSE-00 H-02 SS-15 SP-02 L-03 NSC-05 CIAE-00 INR-07

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R 180930Z AUG 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 7758

LIMITED OFFICIAL USS DACCA 4012

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: BDG GRAIN REPAYMENT TO USSR

REF: STATE 191420

1. ON THURSDAY, AUGUST 14 (AFTERNOON BEFORE THE COUP), DCM AND AGATT CALLED ON SYEDUZZAMAN, SECRETARY, PLANNING COMMISSION, TO REVIEW ISSUES OF REFTTEL AS INSTRUCTED. DCM PRESENTED ESSENTIALS PARA 1 AND THEN INQUIRED REGARDING BDG'S CURRENT INTENTIONS.

2. SYEDUZZAMAN REPLIED WITH A BRIEF HISTORY OF THE SOVIET WHEAT LOAN AND THE REPAYMENT PROVISIONS. HE SAID THE 200,000 MT OF WHEAT WAS ORIGINALLY TO HAVE BEEN REPAID BY MARCH 1974 BUT CONDITIONS WERE SUCH IN BANGLADESH THAT NO REPAYMENT WAS POSSIBLE AND LOAN HAD BEEN RESCHEDULED INTO 5 ANNUAL INSTALLMENTS OF 40,000 MT EACH, BEGINNING IN SEPTEMBER 1975. THE BDG FELT STRONGLY IT NEEDED TO MEET THIS INTERNATIONAL OBLIGATION AND THAT IT WAS NOT POSSIBLE TO REOPEN NEGOTIATIONS NOR TO DEFER DELIVERIES. HE STATED THAT THE BDG COULD NOT GO BACK ON ITS WORD TO REPAY IN KIND. THE BDG HAD PLANNED TO PURCHASE EUROPEAN COMMUNITY WHEAT FOR DELIVERY TO THE SOVIETS.

3. DCM ASKED IF THE BDG HAD CONSIDERED REPAYMENT IN CASH OR IN NON-FOOD EXPORTS INSTEAD OF KIND. SYEDUZZAMAN EXPLAINED THAT THE VALUE

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PAGE 02 DACCA 04012 181201Z

OF WHEAT IN AUGUST 1973 WAS \$225 PER MT AND THAT REPAYMENT IN CASH OR

IN BANGLADESH EXPORTS WOULD BE PEGGED TO THAT ORIGINAL COST TO THE USSR. HOWEVER, REPAYMENT IN WHEAT, I.E. AT CURRENT MARKET PRICES OF ABOUT \$160 PER MT WOULD BE MUCH MORE FAVORABLE TO THE BDG.

4. FALLING BACK TO THE ALTERNATIVE POSITION, DCM REVIEWED PARA 3 OF REFTTEL, ESPECIALLY THE PUBLIC RELATIONS VALUE OF PURCHASING THE REPAYMENT WHEAT IN THE USA. SYEDUZZAMAN SEEMED SURPRISED TO HEAR THAT EVEN THE SMALL AMOUNT OF DOLLARS RECEIVED FROM THE COMMERCIAL PURCHASE OF SUCH WHEAT COULD COMPENSATE IN SOME WAY FOR THE LARGE US CONCESSIONAL SALES AND HUMANITARIAN RELIEF TO BANGLADESH. HE SAID THE BDG HAD THOUGH THE USG WOULD FIND THESE ACTIONS SOMEWHAT CONTRADICTIONARY. HE THEN EXPRESSED THE VIEW THAT FREIGHT RATES FROM US TO THE USSR WOULD BE MUCH HIGHER THAN FROM AN EEC PORT. HOWEVER, HE SAID HE NOW UNDERSTOOD THE SUGGESTION BETTER; HE WOULD CONTACT THE MINISTRY OF FOOD TO ASCERTAIN RELATIVE WHEAT AND FREIGHT COSTS AND PROMISED TO LET US KNOW AS SOON AS POSSIBLE IF THE BDG WOULD BE ABLE TO PURCHASE THIS YEAR'S REPAYMENT WHEAT IN THE USA.

5. THE MEETING CLOSED WITH SYEDUZZAMAN ASKING THE STATUS OF THE PL 480, TITLE I AGREEMENT NOW BEING NEGOTIATED. HE WAS TOLD THAT A REPLY FROM WASHINGTON IS AWAITED ON CURRENCY USE PAYMENT.

6. COMMENT: OBVIOUSLY, THE EVENTS OF THE WEEKEND MAY DELAY THE BDG'S RESPONSE ON THIS ISSUE.  
BOSTER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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